

Report to	<b>North Wales Fire and Rescue Authority</b>
Date	<b>28 April 2025</b>
Lead Officer	<b>Helen MacArthur, Assistant Chief Fire Officer</b>
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Subject	<b>Treasury Management Strategy (TMS) 2025-26</b>



## PURPOSE OF REPORT

- 1 The purpose of this report is to present to Members the proposed Treasury Management Strategy for the period April 2025 – March 2026.

## EXECUTIVE SUMMARY

- 2 The Treasury Management Strategy (TMS) shows how North Wales Fire and Rescue Authority (the Authority) will manage its borrowings (loans from the Public Works Loan Board (PWLBB)) and investments (mainly cash deposits at banks) for the coming year and sets the policies within which the Treasury Management function operates.

## OBSERVATIONS

- 3 This report has not previously been considered by other committees.

## RECOMMENDATIONS

- 4 Members are asked to:
  - i) **Approve the Treasury Management Strategy for 2025/26.**

## BACKGROUND

- 5 The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (the "CIPFA TM Code") requires the Authority to approve the TMS and Prudential Indicators annually.
- 6 The Audit Committee has been tasked with ensuring effective scrutiny of treasury management strategy and performance. Based on its findings, the Audit Committee will make relevant recommendations to the Authority.

## INFORMATION

- 7 The Treasury Management Strategy (the Strategy), and associated Prudential Indicators, are contained within the report and provide an overview of the Authority's approach to borrowing to fund the capital expenditure plans. The Strategy also incorporates the approach to the management of investments, although Members should note that this incorporates the management of short-term surplus cash only.
- 8 Treasury Management involves looking after the Authority's cash, which is a vital part of the Authority's work, as approximately £60m is expected to pass through the Authority's bank account during 2025/26.
- 9 During the year, the Authority has had varying levels of cash available to invest, in the short term, ranging from £1m - £9m, in 2024/25. Consequently, it needs to make sure that the optimal rate of return is achieved without exposing the cash to undue risk. Risk is minimised by diversification, meaning that the Authority's money is invested with a number of financial institutions.
- 10 When investing, the Authority will adhere to the following 'SLY' principles. The order of these three principles is important, with Security being the overriding priority.
  - **Security:** Keeping money safe
  - **Liquidity:** Ensuring that money is available when it is needed
  - **Yield:** Achieving a decent rate of return
- 11 The Authority will continue to borrow to fund capital expenditure, ensuring the necessary resources are available to support its capital program. For the fiscal year 2025/26, the Authority estimates borrowing of £15.6 million. This borrowing will not only fund new capital expenditure but also refinance existing loans, maintaining financial stability and flexibility. The borrowing strategy aims to strike a balance between securing low interest costs and achieving certainty over the period for which funds are required.
- 12 Additionally, the Authority may consider borrowing additional sums to pre-fund future years' requirements, provided this does not exceed the authorized limit for borrowing of £36.616 million. This approach aligns with the Authority's objective to manage financial risks prudently while supporting its long-term capital and operational needs.

- 13 The Authority is supported through the use of professional advisors, Arlingclose, who provide advice and guidance in relation to treasury management activities.

## IMPLICATIONS

Wellbeing Objectives	This report links to the Authority's long-term well-being objectives by ensuring that the purchase of assets to support front line service delivery is prudent, affordable and sustainable. The Capital Strategy is designed to ensure that there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
Budget	The strategies link to the revenue and capital budget setting which considers longer term affordability.
Legal	The regulatory framework is set out in the appendices to the report.
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	The reports set out the financial risks associated with borrowing and investment activities.